



USAID
FROM THE AMERICAN PEOPLE

JORDAN

INSTITUTIONAL SUPPORT AND STRENGTHENING PROGRAM (ISSP)

YEAR 2 ANNUAL REPORT

JANUARY 1, 2012 – DECEMBER 31, 2012

JANUARY 2013

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TABLE OF CONTENTS

I.	INTRODUCTION	I
1.1.	Authorization.....	1
1.2.	Purpose of this Report.....	1
1.3.	Program Objectives	1
1.4.	Program Components.....	2
1.5.	ISSP Team.....	3
2.	ACTIVITIES CARRIED OUT DURING REPORT PERIOD	4
2.1.	COMPONENT 1: Institutional Development.....	5
2.1.1.	Institutional Assessment (IA)	5
2.1.2.	Water Valuation (WV) Study	6
2.1.3.	Socio-Economic Study of Groundwater Uses in Jordan	7
2.2.	COMPONENT 1: Institutional Reform and Restructuring.....	7
2.2.1.	Activity 1: Develop the National Water Policies Advisory Council.....	7
2.2.2.	Activity 2: Strengthen and Consolidate Water Resources Management and Planning in MWI	8
2.2.3.	activity 3: Improve Water Delivery Management	11
2.2.4.	Activity 4: Strengthen Water User Associations (WUAs) in the Jordan Valley.....	13
2.2.5.	Activity 5: Legal Advisory Services	15
2.3.	COMPONENT 2: Institutional Strengthening.....	16
2.3.1.	Groundwater Valuation Study.....	16
2.3.2.	Miyahuna Strengthening.....	17
2.3.3.	Miyahuna Asset Management and Maintenance Management (AM/MM).....	19
2.3.4.	Tariff Study.....	20
2.3.5.	Update the National Water Strategy	20
2.3.6.	Public-Private Partnerships (PPPs).....	21
2.3.7.	Support To Aqaba Water Company	21
2.3.8.	Multi Sector Regulator Study	22
2.4.	Cross-Cutting Thematic Support	22
2.5.	Gender	22
2.6.	CHALLENGES.....	22
2.7.	Potential Issues or Proposed Changes	23
2.7.1.	Technical Implementation Issues	23
2.7.2.	Potential Changes.....	23
3.	ACTIVITIES PLANNED FOR NEXT QUARTER	24
3.1.	Component 1: Institutional Development	24
3.1.1.	Institutional Assessment (IA)	24
3.1.2.	Water Valuation (WV) Study	24
3.1.3.	Socio-Economic Impact Assessment of Groundwater Wells in Jordan.....	24
3.2.	Institutional Reform and Restructuring (IRR)	24
3.2.1.	Activity 1: Develop the National Water Policies Advisory Council.....	24

3.2.2.	Activity 2: Strengthen and Consolidate Water Resources Management and Planning in MWI	25
3.2.3.	Activity 3: Improve Water Delivery Management.....	25
3.2.4.	Activity 4: Strengthen Water Users Associations (WUAs) in the Jordan Valley.....	25
3.2.5.	Activity 5: Legal Advisory Support	26
3.3.	Component 2: Institutional Strengthening	26
3.3.1.	Miyahuna Strengthening.....	26
3.3.2.	Miyahuna Asset Management and Maintenance (AMM).....	26
3.3.3.	Tariff Study.....	27
3.3.4.	Public-Private Partnerships (PPPs).....	27
3.3.5.	Support To Aqaba Water Company	27
3.4.	Cross-Cutting Thematic Support	27
4.	PROGRAM MANAGEMENT	28
4.1.	Program Management.....	28
4.2.	Communications and Outreach.....	28
4.3.	Donor Coordination	28
4.4.	Deliverables	29
4.5.	Monitoring & Evaluation.....	30
4.6.	Security	30
5.	STAFFING	31
5.1.	Long-Term Staff	31
5.2.	Short-Term Staff.....	31

ACRONYMS

AFD	French Development Agency/Agence Française de Développement
AWC	Aqaba Water Company
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
COP	Chief of Party
ELI	Environmental Law Institute
EU	European Union
GDA	Global Development Alliance
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	Gesellschaft für Technische Zusammenarbeit/German Technical Cooperation, <i>formerly GTZ</i>
GoJ	Government of Jordan
GTZ	Gesellschaft für Technische Zusammenarbeit/German Technical Cooperation, <i>now GIZ</i>
IA	Institutional Assessment
IQC	Indefinite Quantity Contract (contracting mechanism for USAID)
IRG	International Resources Group (US consulting firm, prime LRBMS contractor)
ISSP	Institutional Support and Strengthening Program
IT	Information Technology
ITMP	IT Master Plan
JVA	Jordan Valley Authority
M&E	Monitoring & Evaluation
MWI	Ministry of Water and Irrigation
NWS	National Water Strategy
NGO	Non-Governmental Organization
O&M	Operation & Maintenance
PMP	Performance Monitoring Plan
PPP	Public-Private Partnerships
SO	Strategic Objective
STTA	Short-Term Technical Assistance

TA	Technical Assistance
USAID	United States Agency for International Development
WAJ	Water Authority of Jordan
WDM	Water Demand Management
WG	Working Group
WRE	Water Resources and Environment Office (USAID/Jordan)
WRM	Water Resources Management
WUA	Water User Association
WV	Water Valuation

I. INTRODUCTION

I.1. AUTHORIZATION

International Resources Group (IRG) was contracted by the United States Agency for International Development/Jordan (USAID/Jordan), Contract EPP-I-00-04-00024-00, Task Order No. 8, under the Integrated Water and Coastal Resources Management Indefinite Quantity Contract (IQC) II to implement the Institutional Support and Strengthening Program (ISSP). The period of performance of the contract is January 1, 2012 to December 31, 2012 with total project funding of \$11,270,252. The current obligated amount is \$9,000,000.

I.2. PURPOSE OF THIS REPORT

The purpose of this report is to present the fourth quarter activities and achievements of ISSP as well as a summary of the year two progress and achievements in the program period from January 1, 2012 to December 31, 2012. It further reports on activities envisioned for the next period from January to March 2013. This annual report has the following content: activities carried out for the year; planned activities for the following quarter; management, staffing and security; and training activities. The financial reporting for the year is submitted in a separate report.

I.3. PROGRAM OBJECTIVES

ISSP is designed to assist the Government of Jordan (GoJ) in alleviating an impending water crisis – a crisis arising from a growing mismatch between the nation’s need for water and its sustainable supply of that vital and exceedingly scarce resource. The purpose of ISSP is to identify and address significant institutional weaknesses and needs of the water sector in Jordan, thereby increasing the resilience and ability of key institutions to adapt to changing resource availability and to enhance sustainable, consistent and competent management of Jordan’s scarce water resources. This program is focused on identifying realistic recommendations for the strengthening and support of Jordan’s water sector institutions and other related bodies, including the possibility of redefining the base functions of current institutions or proposing new institutions to achieve the desired results. ISSP will develop a proposed water sector reform and restructuring package with associated strategies and activities that strengthen and support the sector’s management and technical operations through effective institutional development.

ISSP is a key part of USAID’s long-standing support to the water sector in Jordan and was developed under the USAID Water Resources and Environment (WRE) Office 2008 – 2012 Strategy in coordination with the Ministry of Water and Irrigation (MWI) and the Water Authority of Jordan

(WAJ). It is being implemented in accordance with the National Water Strategy (NWS) and in close collaboration with the wide range of complementary USAID and other donor activities.

I.4. PROGRAM COMPONENTS

ISSP is implemented through two components complemented by cross-cutting thematic areas.

Component 1: Institutional Development consists of a comprehensive Institutional Assessment, Water Valuation Study and Socio Economic Study followed by an Institutional Reform and Restructuring activity to execute a series of initial steps in transitioning the water management institutions based on the priorities and recommendations arising from the assessment.

Component 2: Institutional Strengthening follows from Component 1 and consists of the specific training, capacity building and management support activities that are agreed with USAID and the Government of Jordan (GOJ) to best facilitate and implement the recommendations for restructuring developed and approved under Component 1. Institutional Strengthening will include a small grants program to further support and strengthen the activities and overall objectives by working with non-governmental organizations that contribute directly to improved management of Jordan's scarce water resources.

The entire program places a heavy emphasis on participatory approaches, stakeholder cooperation and donor coordination. The cross-cutting areas of communication and outreach, gender equity and monitoring and evaluation (M&E) will be fully integrated into each component. Public-Private Partnerships (PPPs) and Global Development Alliance (GDA) projects are developing as appropriate.

Component 1: Institutional Development is organized into the following specific activities:

- Institutional Assessment (IA)
- Water Valuation (WV) Study
- Socio-Economic Study of Groundwater Uses in Jordan
- Consultations on IA and WV (fully integrated into all activities)
- Institutional Development (elevated to new Institutional Reform and Restructuring component)
- Implementation of IA Recommendations (moved to IRR component)
- Legal Advisory (moved to IRR component)

Institutional Reform and Restructuring is organized into the following specific activities:

- Activity 1: Develop the National Water Policies Advisory Council
- Activity 2: Strengthen and Consolidate Water Resources Management and Planning in MWI
- Activity 3: Strengthen Water Delivery Management
 - Re-focus WAJ on core activity of bulk water supply development and delivery
 - Establish an Independent Water Utility Regulator
 - Fully Corporatize Water Utilities
- Activity 4: Strengthen Water User Associations (WUAs) in the Jordan Valley
- Activity 5: Legal Advisory Services to Develop a Comprehensive Water Law and Enact Institutional Reform and Restructuring

Component 2: Institutional Strengthening is organized into the following activities:

- Groundwater Valuation Study
- Miyahuna Strengthening
 - Business Planning and Management
 - Miyahuna Asset Management and Maintenance (AMM)
 - Strategic Communications Support for Operators
- Tariff Study
- Update to the National Water Strategy
- Support to Aqaba Water Company
- Multi Sector Regulatory Study
- Public-Private Partnership (PPPs)

I.5. ISSP TEAM

The ISSP Team is led by International Resources Group (IRG) and includes core subcontractors ECO Consult, RTI International, ECODIT, Inc., and AECOM. The Environmental Law Institute (ELI) was added as a subcontractor in August 2012 for the remainder of the program due to the increased importance of legal reform issues.

2. ACTIVITIES CARRIED OUT DURING REPORT PERIOD

This section covers activities carried out by the ISSP Team led by IRG throughout the second year of implementation from January 1, 2012 to December 31, 2012. During this period, the project was fully engaged on implementation of the package of reform and restructuring activities that had been agreed in the wake of the Institutional Assessment (IA). Formal commitment with the Ministry of Water and Irrigation was secured in March 2012 with the signing of the Program Implementation Letter (PIL) executed between the Minister of Water and Irrigation and the USAID Mission Director. This letter committed the Ministry to exert all best efforts to support and carry out the ISSP-led reform effort, specifically the IA recommendations, and committed USAID to support this effort through ISSP.

The five Institutional Reform and Restructuring (IRR) activities remain the main focus of ISSP's work. Most of the foundational Component 1 activities were completed in 2012. The IA was closed out and the Water Valuation Study was completed and approved. Development also took place, however, for a new Component 1 activity—a national Socio-economic Impact Assessment of Groundwater Wells in Jordan. In addition, the program continued to implement a series of complementary Component 2: Institutional Strengthening activities which contribute directly to ISSP's overall objective but are not directly connected to the IRR work. All work continues to be carried out in close partnership with the USAID, the GOJ Working Groups and key counterparts within each department, directorate and unit with which we work.

Many significant technical milestones were reached and accomplished in Year 2, featuring the following:

- Signing of the PIL committing the Ministry and USAID (through ISSP) to implementation of the ISSP reform and restructuring activities.
- National Water Policies Advisory Council created through a new By-law
- MWI By-law amendment finalized to establish the Water Utility Regulatory Unit (WURU), the interim regulator, pending ratification.
- MWI restructuring plan developed with strong ISSP support, pending ratification of MWI By-law amendment

- ISSP Water Valuation Study: Disaggregated Economic Value of Water in Industry and Irrigated Agriculture in Jordan was completed and approved by the Ministry.
- National Bulk Water Supply Policy Paper and Implementation Plan for the bulk water-related sector restructuring were approved.
- Update to the National Water Strategy was completed and presented to the National Water Policies Advisory Council
- 5-Year Business Plan for Miyahuna developed and approved, including a comprehensive implementation plan.
- Asset Management and Maintenance support was started at Miyahuna, with a Gap Analysis and proposed technical approach approved by Miyahuna for implementation in Year 3.

2.1. COMPONENT 1: INSTITUTIONAL DEVELOPMENT

The original Institutional Development activities of the program are: 1) Institutional Assessment (IA); and, 2) Water Valuation (WV) Study. Both of these final reports were formally approved and released for dissemination by MWI this year. All that remains is a series of public outreach events for the Water Valuation Study.

A new activity has been requested from MWI and cleared by USAID for ISSP to carry out a Socio-Economic Impact Study of Groundwater Use in Jordan. Given the national scope and strategic significance of this study for the water sector as a whole, as well as for ISSP's work, it was determined that this will be added to Component 1 and it will be implemented throughout the final year of ISSP.

2.1.1. INSTITUTIONAL ASSESSMENT (IA)

The Institutional Assessment (IA) of water governance was the key initial activity of ISSP. The IA comprehensively assessed the sector and the key institutions responsible for water management and administration. The IA assisted and supported GoJ in making the hard choices involved in a true and effective institutional reform of the sector. It was developed and agreed between the ISSP team, USAID and the Ministry of Water and Irrigation (MWI) in 2011 through a six-month, multi-disciplinary study examining the entire water sector.

The IA report was completed in 2011 and forwarded to USAID and the GOJ for approval. ISSP held the "Institutional Assessment Results Workshop" in June 2011 to present and discuss the recommendations for the IA report. This was followed by a further three months of consultations and discussions with key counterparts, culminating in a Working Session in September 2011 which agreed on the final priorities for Jordan's water sector reforms.

In spite of an agreed-upon framework for implementation based on the IA, as well as the formal Program Implementation Letter (PIL) to carry out the program being signed in March 2012 the final document was still not approved. ISSP was pleased to finally receive the official approval for the IA Report in July 2012. Copies of the IA Report were printed and distributed at the end of July to the MWI Minister, Secretary General and all Working Group members on the occasion of the ISSP Iftar.

2.1.2. WATER VALUATION (WV) STUDY

The Water Valuation (WV) Study was the second core activity for ISSP planned for year one. However, at the request of the Ministry in order to accommodate other ongoing water valuation activities, this study was postponed and did not get underway until late 2011.

The technical work and analysis for the WV Study was completed in April 2012. ISSP then held a series of presentations of the key results and findings from the WV Study for USAID, MWI and JVA respectively. All of the comments and feedbacks were then incorporated into the analysis and the report. The ISSP Water Valuation Study Final Report: Disaggregated Economic Value of Water in Industry and Irrigated Agriculture in Jordan to the Ministry was submitted to USAID and MWI for final approval in August 2012. In September 2012, ISSP received an official approval for the publication of the Water Valuation Study Final Report.

This WV Study is the most comprehensive study to date of the value of water used across different sectors in Jordan, but focused in particular on the agricultural sector, disaggregated in several new ways. The WV Study determined the value of water across the various sector in which it is used, in order to enable policy-makers and sector managers to make more informed decisions about efficient water utilization. The water valuation study assessed the value of water use in different economic sectors, and then focused in on the agricultural sector to determine water's value in producing different crops, in different locations, and for different markets. In addition, a value chain analysis was included for key export crops to determine the further economic value from certain types of products being sold within Jordan and to various export markets.

This closed out the original scope of this activity. However, given the great interest with which the report has been met, ISSP will be organizing a workshop in early February 2013 as well as other smaller-scale outreach events throughout the spring to present the results and findings from the Water Valuation Study. It is hoped that these events will spur valuable discussion on the policy and water management implications of the study results.

2.1.3. SOCIO-ECONOMIC STUDY OF GROUNDWATER USES IN JORDAN

The MWI requested ISSP to support its effort to better address management issues for groundwater abstraction by completing a comprehensive socio-economic survey of groundwater wells across the Kingdom. USAID and ISSP have concurred that this study directly supports ISSP's mandate to address key constraints in the better management of Jordan's threatened water resources. Further, it will significantly strengthen ongoing work to improve groundwater management and planning capacity in MWI. As such, ISSP will implement this study throughout its final year.

This study will carry out a national survey to collect socio-economic as well as technical data associated with groundwater abstraction and analyze this data to identify the key issues and impacts of groundwater use across sectors and regions. The survey will build on existing studies as well as current reliable data recently collected by various government authorities and donor programs, in particular the Highland Water Forum. This study will depend heavily upon a high level of cooperation and coordination with the government of Jordan, in particular the MWI, WAJ, the JVA, other government Ministries and governorate authorities.

2.2. COMPONENT I: INSTITUTIONAL REFORM AND RESTRUCTURING

The Institutional Reform and Restructuring component is to implement the overall sector reform and restructuring package that was developed from the IA. Significant progress has been achieved this year in all activities. The working groups continued to meet to review and finalize policies, training courses were held and progress was made on the MWI restructuring process, establishment of the interim regulator and the interim bulk water supply unit.

2.2.1. ACTIVITY I: DEVELOP THE NATIONAL WATER POLICIES ADVISORY COUNCIL

The MWI acted on the ISSP recommendation and established the National Water Policies Advisory Council through a By-law which was enacted in January 2012. The Council was established to increase participation and transparency in water policy setting through wider review and consultation on national-level water sector policies, strategy and financial commitments. The Council members are key stakeholders in the public and private sector. There are ten members from the GoJ (Ministries of Water and Irrigation, Agriculture, Planning and International Cooperation, Environment, Finance, Energy and Natural Resources, Municipal Affairs, and the Development Zones Commission as well as the Jordan Chamber of Industry) represented and five private sector members who are leading experts from the private sector appointed by the Minister of Water and Irrigation for two year terms such as the Chairman of the Agriculture Engineers Association and two former Ministers of Water and Irrigation.

ISSP supported the development of the By-Law which was passed on December 31, 2012 and published in the Official Gazette which enacted the law on January 2012. The first Working Group meeting was held in February 2012 shortly after the By-Law was published and approved by the King. The Working Group discussed the role of the Council and especially the extent and scope of what is to be reviewed by the Council as the basis for establishing the Rules of Procedure. The priorities and implementation approach to be taken with the Council were thus agreed.

ISSP work then focused on technical and administrative support to MWI, the Secretariat for the Council. The rules and procedures for the council were finalized. Technical assistance was then provided to prepare for the first Council meeting in April 2012.

Part of this technical assistance was that ISSP presented an overview of the update to the National Water Strategy to the Council, on behalf of MWI. ISSP then facilitated the review and integration of the feedback from the Council into the National Water Strategy Update. In July 2012, ISSP met with Minister and a Council member to review and discuss further comments on the National Water Strategy. It was agreed that the update to the National Water Strategy would become a stand-alone document and no longer an “update” to the Water for Life strategy. ISSP then continued to work with the MWI SG to update the Economics and Financing chapter and add some background information to provide context from previous water strategies. The new document has been finalized and is pending review and approval when a new government is formed following national elections in January 2013 after which the National Water Strategy will be re-submitted to the Council for final endorsement.

2.2.2. ACTIVITY 2: STRENGTHEN AND CONSOLIDATE WATER RESOURCES MANAGEMENT AND PLANNING IN MWI

Activity 2 was focused on the immediate priorities for consolidating water resources management in MWI through the transfer of private wells licensing and groundwater monitoring offices from WAJ to MWI. This work included the following key activities:

- comprehensive analysis of the roles, responsibilities and functions of these departments to examine specifically which functions should be transferred;
- transfer and transition planning including multiple consultations to plan for which functions should transfer and how;
- technical assistance to identify the key process issues for capacity building;
- legal analysis and recommendations on how best to execute the restructuring;
- significant technical assistance to MWI to develop a new MWI organizational structure to accommodate this transfer and respond to sector reforms; and,

- support to drafting of the MWI By-law amendment to enact restructuring.

During the first quarter, ISSP focused on the immediate transfer of licensing, permitting and basin protection and monitoring functions from WAJ to MWI. Several Working Group meetings were held along with extensive consultations with the target department personnel to be affected by the transfer to finalize an accurate and complete list of functions and responsibilities currently within WAJ that should and should not be transferred. These consultations also served to determine what the priority areas were for transfer and the major legal, financial, technical and process issues that would have to be addressed.

ISSP conducted several visits to the WAJ water protection field offices, meetings with Directors, Department Heads and key staff at WAJ and MWI Technical Affairs to determine the specific functions to transfer as well as the process for executing the transfer. In parallel, ISSP held multiple discussions with the Legal Advisor for the Ministry to determine the best legal options to affect the transfer.

In the second quarter, ISSP finalized the recommendations for transferring functions, and began working on the integration issues within MWI. The “Licensing and Water Protection Process Improvement Workshop” was held in April 2012. The workshop involved key headquarters and field personnel to be involved in the restructuring and transfer. Various proposals for groundwater monitoring and protection functions were discussed to confirm what specifically should be transferred from WAJ to MWI as well as the institutional constraints to more efficient water resource management. It also determined the priorities for the integration of these functions within MWI as well as identifying remaining issues.

Out of this workshop came a recommended list of immediate capacity building measures that could be addressed while the administrative restructuring process was carried out. One of the key areas for development was identified as Geographical Information System (GIS) training for both WAJ and MWI staff to improve their ability in technical monitoring and analysis of groundwater resources. ISSP thus developed and delivered a series of tailored Geographic Information Systems (ArcGIS I and II) courses using data taken directly from the day-to-day work of participants.

Throughout the second and third quarter, ISSP then worked closely with the Ministry on drafting an amendment to the MWI By-law to execute the transfer along with an accompanying MWI restructuring plan to accommodate the new functions and reorganize the Ministry to better reflect its current and future management needs and mandate. At this time it was also determined that the by-

law amendment would include the establishment of the provisional regulator, PURA. ISSP provided full-time support to MWI as they worked to revise and finalize this MWI By-law amendment to transfer the licensing and groundwater functions from WAJ to MWI and establish the interim regulator. Part of the process was to develop the new structure for MWI to best accommodate the new responsibilities and functions, to position MWI to meet the water sector's needs going forward and to address current issues with the MWI's operating structure.

This included extensive consultations with the Ministry of Public Sector Reform to review and approve the structure and ensure its compliance with civil service law, regulations and guidelines. ISSP team members worked side-by-side with MWI personnel to develop mandates, functions and primary responsibilities for each Directorate, Department and Unit within the Ministry structure. ISSP also continued its ongoing capacity building program to improve groundwater management and monitoring. This process also involved capacity building and technical assistance to the Human Resources Department to understand and implement the Excellence standards as part of King Abdulla Award requirements.

The final drafts of the MWI By-law amendment and the MWI restructuring plan were agreed with the Minister in September 2012. A commitment was made to move these through the final approval process with the WAJ Board and the Cabinet, however, the government was again dissolved in October 2012 before this could be carried out.

In order to ensure that these political delays in executing the MWI restructuring did not significantly delay the work needed to move this process forward, ISSP developed an interim three-month capacity building plan for MWI in the third and fourth quarters. This plan was reviewed and adjusted through Working Group consultations. The focus was on addressing several functions which had already been agreed as critical to improved performance of the sector in the following areas:

- licensing procedures and archival records;
- data generation for investment planning; and,
- geo-database data and system integration to improve efficiency, performance, productivity, and decision making.

This plan was developed and agreed in close collaboration with key personnel within the affected departments. These activities were also selected because each one will be required regardless of what the final approved and enacted specific MWI structure is. After securing Working Group approval, the plan was then approved by the Secretary General of MWI and will be implemented in year three.

2.2.3. ACTIVITY 3: IMPROVE WATER DELIVERY MANAGEMENT

During this period, ISSP focused on developing the specific long-term policy framework and implementation plans for the three reform and restructuring areas that comprise Activity 3:

- Re-focusing WAJ as a bulk water supply authority.
- Creation of an independent water utility regulator.
- Support to ongoing corporatization of the water utility companies, specifically their ownership structure.

During the first quarter, policy papers were developed for each these areas. These policy papers built on the analysis carried out during the IA. Extensive detailed briefings and consultations with Amman-based water personnel as well as those in several of the field offices were carried out to contribute to this policy dialogue. The regulatory technical analysis began with a baseline assessment and resulted in a proposed regulatory framework which included a discussion of the benefits and problems of alternative scenarios for proposed water utility regulation.

As part of this process, ISSP held the “Water Delivery Policy Workshop” in March to present the key issues and proposed approaches for each of the three water delivery elements of these reform and restructuring activities. The main purpose of this workshop was to agree on a path forward to achieve program objectives related to water delivery management. The options for creation of a new, independent regulatory agency were presented and discussed at length, and a clear path forward was agreed. The options for ownership of utilities were presented and it was agreed that there was not yet a clear answer, so ISSP would do additional analysis to better understand the benefits and problems with each option. Finally, the workshop worked with the participants to define “bulk water” in the context of Jordan’s water sector as well as the scope of the future role of WAJ as bulk water supplier.

About 8 Working Group Meetings were held in 2012 to discuss the ISSP Policy Papers on water service delivery: Water Utility Regulation; Definition of Bulk Water Supply; and, Government Ownership of Corporatized Utilities.

2.2.3.1. RE-FOCUS WAJ ON CORE ACTIVITY OF BULK WATER SUPPLY DEVELOPMENT AND DELIVERY

As discussed above, the first major milestone of the year was to develop and get agreement on the Bulk Water Supply Policy Paper. Given the complexity of the issue and the wide-ranging operational implications of this policy, it was developed and refined over the course of several Working Group meetings, field visits to various WAJ offices as well as meetings with the utilities and other key

stakeholders. The Policy Paper included a schematic detailed breakdown of the Bulk Water supply structure for all of Jordan and the affected facilities and supplies.

The WAJ Board agreed that the concept of bulk water could be developed, and a final proposal was developed and a policy discussion document produced. This document was discussed with the Minister of Water and Irrigation in May 2012 and it was endorsed to include the establishment of the bulk water supplier based upon the existing Water Production and Conveyance Department of WAJ.

Once the Policy Paper was formally approved by the Ministry, ISSP worked with WAJ on the Implementation Plan. This plan was developed for the entire process of achieving the long-term policy and institutional framework for bulk water supply in Jordan, which is at least a 5-7 year process. The implementation plan was thus broken out into several phases. Multiple meetings and discussions were held with key water sector personnel to develop, discuss and finalize the implementation plan. Particular attention was placed on the immediate implementation needs and it was agreed to establish the national bulk water supply unit within the current structure of WAJ. The proposal, which has been agreed with the Secretary General of WAJ and submitted to HE the Minister of Water and Irrigation for approval is to administratively reorganize the current Production and Conveyance Directorate to group together the responsibilities that will be related to bulk water management.

2.2.3.2. ESTABLISH AN INDEPENDENT WATER UTILITY REGULATOR

ISSP worked closely with the PMU first on developing an appropriate institutional and legal framework for water utility regulation and then on the specific steps and capacity gaps to be addressed to achieve independent water utility regulation. The main underlying principle is that an interim regulator will be established from the PMU and that this interim body will need to be moved out of WAJ to remove institutional conflicts of interest as it starts better regulating the bulk water supply relationship with the utilities. One of the main issues was whether the Private Sector Participation (PSP) unit should be transferred to the interim regulatory authority in addition to the auditing unit. It was also important to clarify the specific immediate functions and responsibilities of the interim regulator. Once the overall structure and functional roles were agreed, ISSP then developed the capacity building and institutional strengthening plan for PMU personnel as well as corresponding training for relevant utilities and Ministry personnel.

The interim regulator was proposed as the Provisional Utility Regulatory Authority (PURA), established from the existing PMU. ISSP's Regulatory Expert has continued to work with key staff in PMU to develop detailed responsibilities for PURA as well as a detailed road map to transform the

regulator from the monitoring arm of PMU to the fully independent regulator. Part of this process involved close cooperation with the Ministry's Legal Advisor to determine the best legal approaches to creating PURA, and eventually the independent regulator. As such, it was decided to establish PURA through an amendment to the MWI By-law. The ISSP regulatory expert then assisted to develop suitable text to be inserted into the By-law amendment.

During the second quarter, an implementation group was established to discuss the detailed proposals put forth in the working documents prepared by ISSP, and significant progress was made in defining the precise role that the Provisional Utility Regulatory Authority (PURA) will play in sector management in future. This role is based on the existing authorities of PMU, and on the detailed requirements in the various Assignment Agreements between WAJ and the utility companies.

MWI & ISSP have been working on the drafting the MWI by-law, a major component of which is the legal instrument for setting up the new unit. In the process of further developing and defining the best legal framework for PURA within the Ministry structure and By-law, this unit was renamed the Water Utility Regulatory Unit (WURU).

2.2.3.3. FULLY CORPORATIZE WATER UTILITIES

ISSP continues to work identifying actions needed to enable water utilities to operate as independent corporatized companies whilst remaining in public ownership. This is a complicated exercise as it involves reviewing how existing laws, Government policies and operating requirements all fit together, and their impacts upon the ability of the companies to operate effectively.

In support of the overall analysis needed for this process, the ISSP Team performed an analysis of the financial effect of potential network assets transfer from WAJ to Miyahuna. Initially, ISSP performed an analysis of the effect of the asset transfer on Miyahuna. At WAJ's request this analysis was expanded to consider the effect on both WAJ and Miyahuna. Because Miyahuna is a wholly owned subsidiary of WAJ, accounting standards require any transactions between related parties have a neutral effect on the consolidated WAJ financial statements. The Team has proposed to use the years 2009-2011, to illustrate the effect of the transfer. The Team is collecting the needed financial information.

2.2.4. ACTIVITY 4: STRENGTHEN WATER USER ASSOCIATIONS (WUAS) IN THE JORDAN VALLEY

ISSP began its implementation of Activity 4 this year. The initial Working Group meeting was held on February 15 and it was agreed to focus on the following priorities:

1. Develop a plan for separating irrigation retail functions and responsibilities from JVA and moving them to users associations and/or explore options for private sector involvement.
2. Assess the status of the irrigation system in order to estimate the investment needs for rehabilitation of the irrigation system.
3. Provide assistance to revise the JVA legal framework to allow for the added roles and responsibilities of WUAs, to create greater financial autonomy and to enable the users associations to take on O&M responsibilities of JVA system.

In the second quarter, three working group meetings were held to support the development of an amendment to the JVA law articles related to the water users associations. ISSP worked with JVA to explore the best ways to move the WUAs under the JVA law to consolidate the legal authority to regulate the WUAs contracts for retail distribution and facilitate the transfer of some JVA irrigation water distribution services to these associations. Significant support was provided by ISSP to analyze the legal options and the implications to the WUAs and JVA.

ISSP attended an inaugural meeting for a new Jordan Valley Water Forum, funded by the Water Resources Group (World Bank) in June 2012. The forum was created to provide a venue for JV farmers, business, government and donor stakeholders to discuss key priorities for the JV. It was highlighted that there are significant differences in capacity across the WUAs as well as competing ideas for the future roles and responsibilities sought by the WUAs. It was thus agreed that ISSP would undertake a comprehensive assessment of the WUAs.

In the third quarter, ISSP and JVA developed and agreed on the scope for the Existing Conditions and Capacity Assessment of the WUAs in the Jordan Valley. This assessment was designed to establish the baseline for determining how best to transition irrigation service delivery for fully to WUAs. The scope was developed after meeting with key stakeholders and those well-versed on issues affecting the JV and WUAs, in particular GiZ. It was then revised following Working Group consultations. Work got underway in October 2012.

During these same Working Group meetings, the JVA requested that ISSP build on and expand their support to the JVA by undertaking a complete Institutional, Operational and Financial Institutional Assessment of the JVA. The purpose of the JVA IA will be to examine how JVA is currently organized and operated and then to develop a detailed road map for the necessary reforms and restructuring over the coming 5-7 years. In the fourth quarter, this scope of work was developed, discussed and agreed. The purpose of the IA will be to examine the JVA with emphasis on functions related to retail water management and support to water users associations. The assessment will

develop recommendations for improving the JVA operational and institutional functions and financial performance in line with its role as a bulk water supplier in the Jordan Valley and transferring the retail responsibilities to the WUA's, including the potential for PPP in retail management.

The fourth quarter work was primarily spent in implementation of the WUA Existing Conditions Assessment. The assessment team consisted of Jordanian experts in irrigation services, with a deep understanding of farming and irrigation services in the valley. All of the existing WUAs were interviewed, as well as a number of farmers, both members and non-members of the WUAs, in order to determine the effectiveness of the WUAs, satisfaction levels, critical needs, and key constraints. The survey also interviewed all relevant JVA staff whose work is related to the WUAs, other relevant government officials, and other donor staff who are connected to the work of the WUAs. Most of the field work was completed in this quarter. The survey results will be analyzed and the assessment completed in the coming quarter, after which ISSP will begin implementation of the JVA IA.

2.2.5. ACTIVITY 5: LEGAL ADVISORY SERVICES

The ISSP legal has spent the year supporting the immediate needs for legal frame in order to carry out the interim restructuring steps for MWI, WAJ and the PMU. In parallel, the work has been laying the foundation for the longer-term process of identifying the specific priorities for inclusion in a comprehensive new water law. In addition, a

In the first quarter, the ISSP Legal Advisor completed a more substantive legal review and analysis to determine the most effective, legally defensible and practical approach to transferring functions from WAJ to MWI. The Legal Assessment for the overall reform and restructuring package was also updated when ISSP's Legal Advisor was back in Jordan in March and worked side-by-side with the MWI Legal Advisor. In addition, the Legal Advisor worked with the ISSP Regulatory Expert on the various options for the regulatory legal framework. This work continued into the second quarter.

In the second quarter, ISSP focused on capacity building needs for the overall legal reform process. The scope was developed for a study tour to USA and South Africa for key legal and technical staff of the Ministry to gain greater understanding of the requirements of effective water legislation ahead of a comprehensive water law. This would include methodologies for preparation and implementation together with a hands-on view of how such water law has been implemented in a country facing comparable challenges. The overall agenda, scope and locations were tailored specifically to Jordan and the Study Tour was planned for the fourth quarter.

At the start of the third quarter it was agreed to split the study tour into two phases to reduce the amount of time away from work for the 12 participants. The change was made in the planning and scope and invitation letters were sent for the Study Tour in July 2012. However, due to some of the leadership changes within the Ministry, the participants could not be named in time to make the necessary visa and logistics arrangements for the original October timeframe. As such it was agreed that the US Study Tour portion would take place in January 2013 and the South Africa portion would be pushed back to spring 2013.

In the meantime, ISSP organized a one-day “Water Law Reform Workshop” in October 2012 in order to identify and discuss the priority issues required for water law reform as the Jordan’s water sector begins the process of restructuring. The workshop examined key elements of strong water legislation and reviewed specific legal and regulatory reform options being considered in support of ISSP’s institutional restructuring efforts. The workshop participants understood the rationale behind sector restructuring and of the comprehensive sector legislation that can make such restructuring possible; they recognized how the establishment of a bulk water supplier and a water utilities regulator can rationalize the delivery of end user services and the application of government subsidies. ISSP consultants showed participants examples of legislative reforms in other countries.

The remainder of the fourth quarter was spent on final planning and preparation for the first portion of the ISSP Water Law Training Study Tour: Effective Water Legislation in Principle and Practice.

2.3. COMPONENT 2: INSTITUTIONAL STRENGTHENING

Institutional Strengthening activities are all of the activities that ISSP is undertaking that directly support the program’s overall objectives, but that are not specifically a part of implementing the institutional reform and restructuring activities developed from the IA. These activities have been developed because they address a compelling need from our counterparts, and are complementary to the core ISSP objectives.

2.3.1. GROUNDWATER VALUATION STUDY

Utah State University was engaged by ISSP to perform a supporting groundwater valuation study to supplement the ongoing ISSP WV Study. The objective of the study was to further understand the economics of groundwater management and the potential economic impacts of ground water drawdown on water utilization in agriculture. The project focused on research methods that can identify the economic impacts of groundwater level drawdown and forecast the future point in time when it will be un-economical for Jordanian agricultural pumpers to use groundwater. The

Groundwater Valuation Study was completed in the second quarter. ISSP received formal approval for the publication of this report in July 2012.

2.3.2. MIYAHUNA STRENGTHENING

This activity supports and advises the Miyahuna CEO on strategic planning, monitoring, operational efficiency, financial management, and other senior management issues. A key part of this work has been carried out through the provision of an ISSP Senior Advisor to Miyahuna from October 2011 responsible to advise and assist Miyahuna in its efforts to:

- Develop a five-year business plan and develop the necessary processes to manage and implement the plan;
- Become financially, administratively, and politically independent; and,
- Improve commercial and technical efficiency to increase revenues and collection of water.

The top priority for this activity has been to address business planning across the organization with two primary objectives: 1) to create a new practical, and useable business plan for Miyahuna that will be an effective ongoing management tool; and, 2) to institutionalize the business planning process within Miyahuna so that it will become part of the overall management approach for the company. ISSP conducted a workshop on January 2012 with the Miyahuna Executive Management Team (CEO and Directors) to begin the business planning process. The workshop showed Miyahuna had a strong institutional commitment to introducing and integrating a strong business plan. However, the workshop showed the EMT members needed to gain a better understanding the purpose of business planning in an effectively managed utility and the business planning process.

As such, ISSP revised its approach to the business plan development process to ensure that it was more fully integrated into each directorate of the company and that it required much more active engagement across the company. Building on this workshop, the Senior Advisor worked with a newly created Miyahuna Business Planning Unit to develop a plan for fully integrating and implementing the Miyahuna 2013-2017 Business Plan. In the business planning process, the CEO and directors have met and jointly identified areas of critical importance and level of service which will be provided. In June 2012, Miyahuna completed the Final Draft of the Business Plan for the next five years.

Miyahuna has subsequently much more fully embraced the business planning process. Departmental coordinators were appointed with specific responsibilities to develop action plans for their departments and where applicable to coordinate with other departments to achieve synergy. The ISSP expert together with the Business Planning Unit of Miyahuna developed the action plans into

financial proposals and compared these to forecast income. This means that the business plan will now be used as the main management tool for the business.

Throughout the second quarter, ISSP also assessed other priority management and operational needs within Miyahuna. Informal technical support was provided in the ongoing EU-funded Management and Operational Support Project (MOSP) analysis of Miyahuna's ability to take EIB loans. In addition, ISSP developed a scope of work to address the company's serious asset management and maintenance (AMM) system needs. This work is addressed below in Section 2.3.3.

In the third quarter, work progressed on the plan for fully integrating and implementing the Miyahuna 2013-2017 Business Plan. Miyahuna completed their 2013 Budget for submission to the Ministry of Finance. This is the first budget prepared utilizing the 2013-2017 Business Plan. In the business planning process, the CEO and directors identified areas of critical importance and level of service which will be provided.

In September 2012 Miyahuna completed the updated Business Plan for 2013-2017. The CEO and Directors of Miyahuna met to discuss the methodology for managing the specific project plans. Further, they committed to quarterly reviews of each project to determine the progress and identify any corrective actions that need to be taken. This work is integral to ensuring that the business planning process is an intrinsic part of managing the company through the business plan. The 2013 projects are being funded in the 2013 Budget and once they are ready for implementation, they will be formalized with a project charter.

The fourth quarter focused on working with designated Project Managers on developing project charters. This work was augmented with formal training in project management. In December, ISSP held a one-day training project management training for the Executive Management Team, including the CEO. It was then followed by a series of two-day trainings for the senior and mid-level managers that will be the project managers for the business plan activities.

2.3.2.1. STRATEGIC COMMUNICATIONS SUPPORT FOR OPERATIONS

As an extension of ISSP's management support to Miyahuna, technical assistance was expanded to the area of strategic internal communications to support Miyahuna where key strategic communications issues can improve overall operational effectiveness. ISSP engaged a Communications Specialist to investigate and implement some simple and effective measures to improve staff awareness. A communications committee was established as the coordinating body for this work. Working with key members of the Operations and IT Directorates and the

Communications Department, this committee developed a plan to use SMS messaging for critical internal alerts as well as better use of newsletters and the internet. ISSP engaged a specialist

In the third quarter, a system was developed to notify all staff quickly and easily of any serious operational issues that are affecting the company. A pilot project to establish SMS messaging to notify all staff when there are major systems outages or critical operational issues was rolled out. This task was proposed after a number of comments were made to our team that staff would appreciate more information as it would help them to give more accurate information to customers if approached during an incident. ISSP worked closely with the operations and communications teams in Miyahuna to set up the system and Zain Communications conducted training for Miyahuna to effectively utilize this enhanced communications with the first message transmitted in September 2012.

2.3.3. MIYAHUNA ASSET MANAGEMENT AND MAINTENANCE MANAGEMENT (AM/MM)

From the second quarter, ISSP and Miyahuna agreed to expand their scope to address Miyahuna's serious asset management and maintenance management (AM/MM) system needs. In June 2012, ISSP engaged an AM/MM specialist to perform a base-line assessment in order to recommend improvements to Miyahuna's asset management systems. The focus was on practical and affordable options for the water utility to significantly improve this aspect of its overall management and operational control. Asset Management systems can help companies improve the life of equipment and networks.

The assessment concluded that there was an immediate need and opportunity to address AMM for critical rotating assets. A proposal was developed for Computer Maintenance Management System (CMMS) software to begin development and implementation of a new AM/MM system and approach for Miyahuna. The new CMMS will be a condition-based asset management program to significantly improve the efficiency and effectiveness of Miyahuna's O&M specifically as it relates to rotating assets. In addition, a plan was created to begin the needed upgrades to fixed asset management through an improved GIS system to include state of the art asset management software and management techniques.

An RFP for the CMMS system was issued in November 2012 with proposals due in January 2013. The system will be rolled out with the maintenance teams in the Zai Water Treatment Plant, Zara Ma'in Water Treatment Plant, and Water Network Maintenance to improve the condition maintenance program for the rotating and fixed assets.

2.3.4. TARIFF STUDY

ISSP had been requested in Year One by MWI to provide technical assistance to analyze and propose viable options for a water tariff index which would be applied to the existing tariff structure to meet government policy goals of ensuring the wealthier households pay more for water while protecting cheap water for the poor. This study was then suspended at the end of 2011 until the end of the second quarter. At that point, the scope of work was updated and revised to include a review of bulk water costs and potential charges to the utilities. It was also refined so that it supports the development of the regulatory authority through the development of a tariff/subsidy setting methodology that will be used by the regulator in its analytical function.

In the third quarter there were a series of consultations with the Minister and the MWI Secretary General. ISSP then submitted the final revised SOW for the Tariff Study on August 2012. The final SOW was finally approved late in the third quarter.

The Tariff Index and Bulk Water Cost Study began in December 2012. The study is being carried out by an ISSP Tariff Expert. The study is assessing viable options for a tariff index taking into account ability to pay issues, as well as the charging regime for Disi water. The expert met with key staff in WAJ, PMU, MWI and Miyahuna to gather data, and carry out the initial analysis and assessment which will allow ISSP to establish further detailed information needs and subsequently present a proposed tariff indexing method for discussion. An informative brainstorming discussion was held in mid-December to help identify how 'low-income' citizens could be defined, and how various mechanisms could be incorporated into the billing systems of the utilities.

2.3.5. UPDATE THE NATIONAL WATER STRATEGY

Throughout the first two quarters, ISSP continued its work to support MWI in the update to the National Water Strategy. ISSP carried out several consultations with senior advisors in WAJ and JVA to review and revise the strategy as appropriate based on their feedback. This process significantly strengthened the strategy which was then finalized in March 2012. The final draft of the Strategy Update was then presented by the Ministry at the World Water Forum in Marseilles, France in March 2012.

The final draft of the Update was then presented for review and consultation at the first meeting of the new National Water Policies Advisory Council in April 2012. In May 2012, the Minister of Water and Irrigation requested that this revised Investment Plan model be developed which would be used to generate an investment program for the Ministry, modeled on the previous 10-year plan. ISSP then completed the National Water Strategy Update document, in addition to a new Investment Plan concept note and an Action Plan which accompanied the Update. The Investment Plan concept

note entailed a scope of work for the development of a financial and economic analysis tool for capital investment projects that MWI can use to prioritize project implementation based on financial and economic consideration, which should inform policy decisions within the sector that are related to capital investment priorities, and should support the sector in institutionalizing the development of a capital investment plan.

An Investment Plan Committee was established by the Minister to coordinate the efforts and agree on an implementation plan and timetable. ISSP appointed an expert to prepare the model. Detailed testing was delayed as the committee members were unable to deliver timely information on existing projects which were to be inserted in the model.

In the third quarter, ISSP completed the Investment Plan Model for the National Water Strategy and delivered it to MWI. Training was carried out in August 2012 for the expected users of the model. The training reviewed the key assumptions for the investment plan model and worked through the data entry and financial and economic analysis process utilizing the model to prioritize and rank potential government investment projects. The implementation of the model/tool required project related data and information to be provided by the sector, which were not readily available. Accordingly, a working committee was assigned in the third quarter by the MWI SG to work with ISSP on selecting a list of capital investment projects and generating the data for them necessary to use the model/tool to prioritize among the projects included in the list. When the government changed again in the fourth quarter, work on this activity stalled.

2.3.6. PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

At the recommendation of USAID and following discussions with senior MWI staff, ISSP has agreed to provide technical assistance to analyze and subsequently develop viable public-private partnership (PPP) opportunities in the water sector in Jordan.

In December 2012, USAID approval was received for the PPP Specialist. ISSP mobilized a PPP Specialist to identify suitable PPP schemes and prepare the relevant documentation for WAJ, Miyahuna and Aqaba Water, as necessary. This work will begin in January 2013.

2.3.7. SUPPORT TO AQABA WATER COMPANY

Following a request from the Aqaba Water Chief Executive Officer (CEO), ISSP provided support to assist AW develop its business plan for the next five years. The format for this support is based on the business planning process developed with Miyahuna and will require AW senior managers to determine levels of service to be achieved over the term of the business plan.

On September 2012, the ISSP Water Supply and Utility Team traveled to Aqaba to assist AW in developing its Business Plan for 2013-2017. AW has begun the business planning process and has used the TAG Consultant's 2011 SWAT analysis to identify activities that are important to Aqaba Water. In the fourth quarter, the CEO of AW resigned, and this activity was suspended pending resolution of the senior management issues within the company.

2.3.8. MULTI SECTOR REGULATOR STUDY

In the fourth quarter, USAID received a request from the Ministry of Planning and International Cooperation (MOPIC) as part of the Government of Jordan's broad restructuring process to assess the viability of merging the existing regulatory bodies into a multi-sector regulatory agency. USAID agreed to consider this request given the ongoing work ISSP is doing to develop water utility regulation. A meeting was held with USAID, MOPIC and ISSP in December 2012 to discuss the specific expectations and options for this study. A framework for the study was agreed at this meeting and ISSP is developing the specific terms of reference for this work to be finalized and implemented in 2013.

2.4. CROSS-CUTTING THEMATIC SUPPORT

Cross-cutting thematic support under ISSP deals with ways approaches and mechanisms that support and facilitate the overall ISSP objectives and are not specific to a component. Primarily this support will involve leveraging outside mechanisms or other donor program efforts in pursuit of shared objectives for institutional reform and restructuring. This includes exploring or possibly even developing Public-Private Partnerships (PPPs), Global Development Alliances (GDAs), and/or direct linkages with other donor activities. ISSP is beginning to explore PPP options for Jordan's water sector, as discussed above in Section 2.3.6

2.5. GENDER

ISSP is being implemented with a gender-equitable approach. Ongoing technical assistance to MWI, WAJ and JVA works to promote gender equity at each stage. Further, the new Component 1 activity, the Socio-Economic Impact Assessment of Groundwater Wells in Jordan, will analyze and assess gender considerations and their socio-economic impact on the findings and implications of various groundwater used across Jordan.

2.6. CHALLENGES

The challenges faced by ISSP this year all revolved around the ongoing political turmoil within the Government of Jordan. There were three different Ministers of Water and Irrigation throughout the year, with unceasing rumors circulated about the timing for yet another change of the national government. The Secretary Generals for both the Ministry and JVA changed. While ISSP

implementation continues in spite of these uncertainties, the program is at a critical juncture where key milestones depend on Minister and Cabinet level approval. Without these high level decisions and agreements, several activities will not be able to proceed to the next stage of ISSP implementation. This will continue to affect the pace of our implementation in ISSP's final year.

2.7. POTENTIAL ISSUES OR PROPOSED CHANGES

This section presents and discusses any significant issues arising in the technical implementation of the program and any potential or suggested changes to existing or planned activities, scopes of work, or the work plan.

2.7.1. TECHNICAL IMPLEMENTATION ISSUES

The only significant technical implementation issue currently facing ISSP is the challenge of moving forward within the uncertain political climate, addressed above in Section 2.5. Several critical decisions have been pending since the third quarter which require Minister and/or Cabinet approval. The most significant of these are the following:

- MWI By-law amendment approved containing the MWI restructuring and transfer for groundwater monitoring and licensing from WAJ to MWI (key elements of IRR Activity 2)
- MWI By-law amendment approved to establish the interim utility regulator within the Ministry structure, the Water Utility Regulatory Unit (WURU, formerly PURA)
- Establishment of the Interim Bulk Water Supply Unit

2.7.2. POTENTIAL CHANGES

There are no potential changes to ISSP activities, scope or work plan that have not already been identified or planned for in Year Three.

3. ACTIVITIES PLANNED FOR NEXT QUARTER

This section details activities that will be carried out during the next quarter, from January to March 2013. A more detailed plan of the activities in 2013 was presented in the ISSP Year 3 Work Plan, which was submitted in December 2012.

3.1. COMPONENT 1: INSTITUTIONAL DEVELOPMENT

Component 1 was originally intended to be completed by Year Three. Given the continued interest in the Water Valuation Study results as well as the addition of the Socio-economic Impact Assessment, however, these two activities will continue through Year Three.

3.1.1. INSTITUTIONAL ASSESSMENT (IA)

The Institutional Assessment is completed. There will be no activities in the coming quarter.

3.1.2. WATER VALUATION (WV) STUDY

While the WV Study was completed in Year Two, significant interest remains in the results of the study and ISSP will continue to provide outreach for the results to key stakeholder groups.

3.1.3. SOCIO-ECONOMIC IMPACT ASSESSMENT OF GROUNDWATER WELLS IN JORDAN

ISSP will begin implementation of the Socio-economic Impact Assessment in the coming quarter. The Study Team will be recruited and planning will commence in terms of the technical approach as well as the logistical requirements for implementation. At the same time, ISSP will focus on the critical coordination of the study with the MWI, WAJ and JVA.

3.2. INSTITUTIONAL REFORM AND RESTRUCTURING (IRR)

ISSP implementation will continue side-by-side with working groups to move each activity forward in every way possible in spite of the current political uncertainties. The priorities will be on the pending MWI By-law amendment, establishing the interim bulk water supplier and JVA WUA Survey.

3.2.1. ACTIVITY 1: DEVELOP THE NATIONAL WATER POLICIES ADVISORY COUNCIL

ISSP does not anticipate any activity under this task in the coming quarter. National elections will take place at the end of January and it is unlikely that the new government will be formed much before the end of the quarter. It will thus take some time before the new government will be in a position to be able to reconvene the Council.

3.2.2. ACTIVITY 2: STRENGTHEN AND CONSOLIDATE WATER RESOURCES MANAGEMENT AND PLANNING IN MWI

ISSP will begin implementation of the approved Interim Capacity Building Plan, endorsed and accepted by first the Working Group and then the SG in December. There are three interim capacity building activities, all of which will begin in the coming quarter: 1) upgrade the licensing archive database; 2) create a GIS database to connect the Groundwater Monitoring field offices to the MWI Technical Affairs systems; and, 3) Investment Plan project data generation to create the currently missing data needed in order to utilize the Investment Plan model developed by ISSP in 2012.

3.2.3. ACTIVITY 3: IMPROVE WATER DELIVERY MANAGEMENT

On bulk water supply, ISSP will continue to push for approval to establish the interim National Bulk Water Supply (NBWS) unit within the Production and Conveyance Department of WAJ as the first phase of the implementation plan for bulk water reform. In the meantime, ISSP finalize the training and development plan for the interim NBWS for final approval by WAJ and to start operator training courses.

For regulatory reform, ISSP will begin implementing the formal capacity building for the PMU. This training will be for the PMU and WAJ and will continue the ongoing side-by-side technical assistance with ISSP Regulatory Expert while also beginning formalized training modules for core regulatory responsibilities. On corporatizing utilities, ISSP will finalize the policy paper outlining options and recommendations for governance of water supply and ownership of utilities, including the working group recommendations on assets ownership.

3.2.4. ACTIVITY 4: STRENGTHEN WATER USERS ASSOCIATIONS (WUAs) IN THE JORDAN VALLEY

In the coming quarter, ISSP will finalize the Exiting Conditions Survey and Assessment of Water Users Associations (WUAs) in the Jordan Valley. This work will include the following:

- Completion of all interviews and meetings with water users associations, farmers, JVA staff and Ministries.
- Analyze results of the field survey and prepare a survey report
- Develop key performance indicators (KPIs) and parameters for impacts assessment
- Present results, options and analysis of options to the JVA and MWI Senior Management and selected members of WUAs.

Work will also get underway on the Institutional, Operational and Financial Assessment of the Jordan Valley Authority. This IA will be carried out in close collaboration with counterparts within JVA and will start with a detailed study of the specific roles for the WUAs, built upon the results of the WUA Survey.

3.2.5. ACTIVITY 5: LEGAL ADVISORY SUPPORT

The Water Law Training Study Tour will take place in the U.S. in January 2013 with twelve participants representing the key GOJ management areas working most closely on the water sector reform and restructuring. The study Tour will take place from January 8-18 in Washington, D.C. The Study Tour will introduce participants to the major considerations for effective water legislation, specifically tailored to the Jordanian context and key challenges, coupled with site visits and briefings to see how effective water legislation is addressing similar issues relevant to the Jordanian context. Following the Study Tour the participants will form the new Legal Reform Working Group and will start the longer-term process of identifying and defining the key policy priorities for inclusion in new water legislation.

3.3. COMPONENT 2: INSTITUTIONAL STRENGTHENING

ISSP will focus on Component 2 activities as they reinforce and strengthen the program's approach and objectives in the overall reform and restructuring of the water sector. These activities will be carried out by a combination of ISSP staff members, long-term intermittent advisors, short-term technical assistance and ISSP partners where their specialized capabilities are needed.

3.3.1. MIYAHUNA STRENGTHENING

Work will continue to institutionalize the business plan within Miyahuna through continued work to identify and approve project charters for key 2013 activities that were approved in the Business Plan (2013-2017). The Senior Advisor will work closely with Project Managers as well as company Directors as they begin to use the new processes for business plan and project management. This will include an assistance to Project Managers to update action plans, development of an action plan priority-ranking system, and support for the first quarter Miyahuna CEO/Director review. In addition, technical assistance will be provided in areas of financial management including the review of Miyahuna's tendering process.

3.3.2. MIYAHUNA ASSET MANAGEMENT AND MAINTENANCE (AMM)

ISSP will award the contract to establish a CMMS for rotating asset management and begin implementation of that contract during the coming quarter. In addition, ISSP's AMM team will work with the Executive Management team of Miyahuna and the newly appointed senior Asset Management Committee to develop a comprehensive Asset Management Plan and corresponding implementation plan to focus on fixed assets.

Throughout the first quarter of 2013, ISSP will work closely with Miyahuna's AM Executive Committee and their discipline-specific working groups, to write the Asset Management Plan and begin in earnest with the implementation of the program and selection of the tools necessary to better manage the life cycle of the critical rotating and fixed assets.

3.3.3. TARIFF STUDY

The coming quarter will continue the Tariff Study with the focus on analyzing customer and consumption information for the same entities and then adjusting and/or updating the data as necessary. Once that is done satisfactorily, scenarios on changing the Tariff Factors for each water company and WAJ will be run to determine their impact on each customer group and the overall cost recovery level for each water company. Effort will also go into cleaning up customer and consumption information which has been slow in coming, and the information that has arrived (Miyahuna) has had to undergo some moderately significant adjustments. This will enable the study to move ahead with providing alternatives for changing the current Tariff Factors, at least qualitatively. The major task for the quarter will be to provide information regarding the impact of each alternative on customers as quantitatively as possible.

The bulk water pricing side of the study will get underway. This task involves developing options for the pricing of Disi Water, expected to be input into the network by mid - 2013. This activity, at the MWT's request is following the Tariff factor Analysis and is expected to begin in mid - to - late February.

3.3.4. PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

The PPP Assessment will begin in January 2013 when the PPP Expert will be mobilized. The initial period will carry out a gap analysis on an overall understanding of various PPP mechanisms and options for Jordan. In addition, consultations will take place with PMU, WAJ and utilities' personnel on their ideas and priorities for PPP within their institutions as well as for the sector overall. This information will be used to develop an Inception Report, on which the specific projects for further detailed study will be determined.

3.3.5. SUPPORT TO AQABA WATER COMPANY

ISSP expects that the management issues at Aqaba Water will be resolved in the coming quarter such that work can resume to support the utility in updating their own 5-year Business Plan using the model developed through our work with Miyahuna. This will involve consultations to determine their specific business planning needs ahead of technical assistance to support the writing of a new business plan for the company.

3.4. CROSS-CUTTING THEMATIC SUPPORT

No cross-cutting thematic support is anticipated in the upcoming quarter.

4. PROGRAM MANAGEMENT

4.1. PROGRAM MANAGEMENT

There were few program management issues throughout the year, except for routine program management actions. In the first quarter, ISSP developed its Year 2 Work Plan which was approved and finalized in February. ISSP then moved into new office space on March 1 to provide for more much needed space and a location closer to the Ministry.

In the second quarter, International Resources Group (IRG) submitted an initial request for budget realignment followed by additional documentation to complete the request at the end of May. The Environmental Law Institute (ELI) was added as a new subcontractor as the importance of the legal advisory component grew during the course of the year. The ISSP contract was modified in the third quarter to increase the obligate amount and incorporate the budget realignment. There have been no significant program management issues in the last quarter.

4.2. COMMUNICATIONS AND OUTREACH

Work began in the second quarter to update the ISSP website to reflect the actual work being implemented as the existing website was focused on a general overview of the sector as it was established at the time of project award. ISSP engaged a communications specialist to support preparation of the information to be included within the site. Work continued on content development throughout the third and fourth quarter. The new website will be launched in early 2013.

4.3. DONOR COORDINATION

ISSP continued to maintain a high level of donor coordination throughout the year. This is a very important aspect of the program given the strategic significance across the sector of the overall sector reform and restructuring work on which ISSP is engaged. Quarterly briefings began in January with the GiZ country team. The COP also continue to periodically hold coordination and briefing meetings with the other USAID water projects, such as PAP and the Water Reuse and Environment Project to ensure complementarity with the respective programs and no duplication of effort.

In the first quarter, consultations were held with the World Bank representatives of the Water Resources Group on their ideas for outreach and capacity with Jordan Valley farmers to provide ISSP's thoughts and perspective on their program options. ISSP also consulted with the World Bank

water quality project personnel to see if there was any way for ISSP to reinforce or support the proposed water quality regulation process improvements. These consultations continued in the second quarter, including ISSP's involvement at the first Jordan Valley Water Forum organized by the Water Resources Group in May 2012.

In the third and fourth quarter, in addition to continued consultations with GiZ, PAP and the Water Reuse and Environment Project, ISSP also met with the Operations and Maintenance Training (OMT) Project team to review ways ISSP can support the sustainability of certified training as OMT closes out. In the fourth quarter

4.4. DELIVERABLES

Below is a list of deliverable produced and submitted over the course of Year 2. The list indicates the month in which the deliverable was submitted along with if the document was approved by USAID (if required).

Deliverable	Quarter Submitted	Approved
Institutional Assessment Results Report and Annexes Volume	Quarter 4	Quarter 7
ISSP Work Plan – Year 2	Quarter 5 (March 2012)	Quarter 5
Water Valuation Study	Quarter 6	Quarter 8 (October 2012)
Groundwater study	Quarter 6	Quarter 7 (September 2012)
GIS Training proposal	Quarter 6	Quarter 6
ISSP Quarterly Progress Report 5 (Jan – Mar 2012)	Quarter 6	Quarter 6
ISSP Quarterly Financial Report 5 (Jan – Mar 2012)	Quarter 6	Quarter 6
ISSP Quarterly Progress Report 6 (April – June 2012)	Quarter 7	Quarter 7
ISSP Quarterly Financial Report 6 (April – June 2012)	Quarter 7	Quarter 7
ISSP Quarterly Progress Report 7 (July –Sept 2012)	Quarter 8	Quarter 8
ISSP Quarterly Financial Report 6 (July – Sept 2012)	Quarter 8	Quarter 8
ISSP Performance Monitoring Plan (PMP)	Quarter 9 (November 2012)	Quarter 9

ISSP Work Plan – Year 3	Quarter 9 (December 2012)	Pending
ISSP Year 2 Annual Report	Quarter 10	Pending

4.5. MONITORING & EVALUATION

The Performance Monitoring Plan was submitted November 2012.

4.6. SECURITY

This section of the report was added as a result of the marked increase in protest and unrest that Jordan experienced at the end of March 2011. The number and frequency of protest activity in Jordan declined sharply in the second half of 2011 and there were no few major security incidences in 2012. Throughout the fourth quarter the number of public protests did increase as the country undergoes reforms to its constitution to change the system of representation in Parliament. These protests are a lead-up to planned national elections in January 2013. Regardless, very few of these protests were anti-American in nature and ISSP did not experience any direct security incident.

Nonetheless, ISSP remains highly vigilant and the COP actively monitors security-related incidences and notices, particularly with the ongoing unrest in neighboring countries, especially with the ever-escalating crisis in Syria. Whenever notices of protests are received all staff are notified to avoid the area, and if necessary, more specialized instructions are given. So far, no action has been needed except to avoid the areas where protests or gatherings are being held. ISSP continues to maintain a security log which records all notices as well as any incidences that occurred.

5. STAFFING

5.1. LONG-TERM STAFF

The ISSP program is fully staffed as shown in the table below. In December 2012, the program recruited for a full-time Training Manager to handle the significantly increased capacity building needs to implement the Year Three Work Plan. Further, ISSP will continue to monitor the workload and may consider an additional local staff member to support organizational development. ISSP will continue to have a number of short-term technical assistance (STTA) positions required to fulfill expert and advisory roles.

The ISSP team is comprised of a combination of personnel from IRG and each of the ISSP subcontractors.

5.2. SHORT-TERM STAFF

ISSP used targeted short-term technical assistance (STTA) throughout the year to support all program activities.

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